No. 96-1942

(2)

Supreme Court, U.S.
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IN THE
Supreme Court of the United States
OCTOBER TERM, 1996

CMI, INC.,
Petitioner,
v.

INTOXIMETERS, INC., MACQUORN FORRESTER, GLENN FORRESTER, RANKINE FORRESTER, NATIONAL PATENT ANALYTICAL SYSTEMS, INC. & JOHN D. FUSCO,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS INTOXIMETERS, INC., MACQUORN FORRESTER, GLENN FORRESTER, & RANKINE FORRESTER'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the Federal Circuit correctly held that it had no jurisdiction over CMI's appeal because it filed an untimely notice of appeal more than thirty days after the District Court entered its Judgment on the merits of CMI's claims while reserving the collateral issue of CMI's statutory request for attorneys' fees.

2. Whether the Federal Circuit correctly held that it had no jurisdiction over CMI's appeal for the additional reason that CMI filed its notice of appeal more than thirty days after the District Court entered its Judgment rejecting CMI's statutory request for attorneys' fees.

RULE 29.6 LIST

Respondent Intoximeters, Inc. does not have a parent corporation or any nonwholly owned subsidiaries.

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RESPONDENTS INTOXIMETERS, INC., MACQUORN FORRESTER, GLENN FORRESTER, & RANKINE FORRESTER'S BRIEF IN OPPOSITION

Respondent Intoximeters, Inc. respectfully prays that this Court deny the Petition for Writ of Certiorari seeking review of the Federal Circuit Court of Appeals' opinion in this case.

STATEMENT OF THE CASE

In July 1994, a jury returned a verdict in favor of Respondent Intoximeters, Inc. ("Intoximeters") and against Petitioner CMI, Inc. ("CMI") on the issue of the validity of Intoximeters' patent. Following the jury trial, the District Court entered its order of November 1, 1994, which granted summary judgment to CMI on the issue of

infringement, and entered judgment in favor of Intoximeters on the patent validity issues. The November 1, 1994 order stated that due to the bifurcation of the patent and tort issues in the case, the order was not final and appealable. Petition, Appendix A, last page (unnumbered).

On November 16, 1995, the District Court entered summary judgment in favor of the Respondents on all of the remaining issues in the case "except the remaining claim for attorneys' fees pursuant to 35 U.S.C. Section 285." Petition, Appendix B. The District Court entered its order on a separate document as required by Fed. R. Civ. P. 58. *Id.*

Unlike the November 1, 1994 order, the November 16. 1995 order did not state that it was not final and appealable. The court's order also did not state that CMI's request for attorneys' fees should be treated as a post-judgment motion under Fed. R. Civ. P. 59 that extends the time for appeal under Fed. R. App. P. 4. Petition, Appendix B.

On April 1, 1996, the District Court entered an order denying CMI's request for attorneys' fees under 35 U.S.C. Section 285. Petition, Appendix D. The April 1, 1996 order stated that it was a final and appealable order. Petition, Appendix D.

At CMI's request, on April 16, 1996, the District Court entered an order that was identical to the April 1 order, except that it added the following paragraph:

> IT IS HEREBY FURTHER ORDERED that the Memorandum Opinion and Order and Judgment entered by this Court on November 1, 1994, and the Memorandum Opinion and Order entered by this Court on November 16, 1995, are expressly incorporated herein by reference, and are hereby rendered to be final and appealable.

Petition, Appendix E.

On May 7, 1996, CMI filed its notice of appeal. Petition, Appendix F. On August 20, 1996, the Federal Circuit dismissed CMI's appeal as untimely for two reasons:

- First, relying on *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196 (1988), the Court held that the November 16, 1995 order on the merits was a final appealable order. The Court concluded that CMI's May 7, 1996 Notice of Appeal of that Order was untimely because it was filed more than thirty days after a final judgment had been entered against CMI on the merits of its claims.

- Second, relying on *Federal Trade Commission v. Minneapolis-Honeywell Regulator Co.*, 344 U.S. 206 (1952), the Court held that the April 16, 1996 order was an immaterial change to the April 1, 1996 order denying CMI's request for attorneys' fees and it did not enlarge the time to appeal from that order. The Court concluded that CMI's May 7, 1996 notice of appeal of the April 1, 1996 Order was untimely because it was filed more than thirty days after a final judgment had been entered on CMI's request for attorneys' fees.

Petition, Appendix F.

CMI subsequently filed a motion under Fed. R. Civ. P. 60 in the District Court. On October 18, 1996, the District Court entered its order denying CMI any relief. Petition, Appendix G, n.1. CMI did not appeal from the October 18, 1996 order.

On December 16, 1996, the Federal Circuit denied CMI's request for reconsideration of its order dismissing CMI's untimely appeal for lack of jurisdiction. Petition, Appendix G.

REASONS WHY THE PETITION SHOULD BE DENIED

I. INTRODUCTION

Petitioner CMI seeks review of a routine order of the Federal Circuit Court of Appeals that held the Court lacked jurisdiction to consider CMI's appeal that was untimely filed more than four months after the District Court entered its final judgment on the merits. This Court's

opinion in *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196 (1988), forecloses CMI's argument that the District Court's judgment on the merits was not final because it reserved ruling on its collateral request for attorneys' fees.

CMI's error in filing a timely appeal of the District Court's judgment on the merits was compounded when it failed to file a timely notice of appeal of the District Court's judgment rejecting its request for attorneys' fees. This Court's opinion in *Federal Trade Commission v. Minneapolis-Honeywell Regulator Co.*, 344 U.S. 206 (1952) forecloses CMI's argument that its time to appeal was extended by the District Court's entry of a superfluous order stating that its earlier judgments were final and appealable. This order did not make any material change in the Court's earlier judgment rejecting CMI's request for attorneys' fees.

CMI has not suggested any principled reason for this Court to disturb its settled law announced in *Budinich* and *Minneapolis-Honeywell Regulator Co.* CMI also has failed to demonstrate that there is any conflict in the circuits or with an opinion of this Court that would affect the outcome of this case. This Court, therefore, should deny the Petition for Certiorari.

II. THE FEDERAL CIRCUIT CORRECTLY HELD THAT CMI DID NOT TIMELY APPEAL FROM THE DISTRICT COURT'S NOVEMBER 16, 1995 JUDGMENT ON THE MERITS OF CMI'S CLAIMS

A. The Federal Circuit Followed the Well-Established Rule of Law Announced in *Budinich v. Becton Dickinson & Co.*

In *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196 (1988), this Court announced the bright line test "that an unresolved issue of attorney's fees for the litigation in question does not prevent judgment on the merits from being final." *Id.* at 202. The Court reasoned that a claim for attorneys' fees is collateral to the judgment and there-

fore should not affect the finality of the Judgment. *Id.* at 200-201. Consistent with the Court's opinion in *Budinich*, Rule 58 of the Federal Rules of Civil Procedure was amended effective December 1, 1993 to provide that "[e]ntry of the judgment shall not be delayed, nor the time for appeal extended, in order to tax costs or award fees. . . ." 146 F.R.D. 401, 497-80.

The order signed by the District Court on November 16, 1995 and entered on the docket on November 17, 1995 disposed of all of the issues in the case except CMI's claim for attorneys' fees under 35 U.S.C. Section 285. The Order, therefore, was final as a matter of law.

Because CMI did not file a post judgment motion, the time to appeal on the merits of the case expired on December 16, 1995, which was thirty days from the entry of the Judgment. "This thirty-day time limit is 'mandatory and jurisdictional.'" Fed. R. App. P. 4; 28 U.S.C. § 2107 (1988); *Browder v. Director, Department of Corrections of Illinois*, 434 U.S. 257, 264 (1978). CMI's May 7, 1996 notice of appeal was untimely because it was filed more than four months after the December 16, 1995 deadline. To avoid this result, CMI erroneously argues that its statutory claim for attorneys' fees under 35 U.S.C. Section 285 was a substantive part of the merits of the action and, therefore, is not covered under *Budinich*. CMI, however, has not articulated any basis for distinguishing between its claim for statutory fees under 35 U.S.C. Section 285 and the claim for statutory fees that was the basis of this Court's opinion in Budinich.

B. The Cases Relied Upon by CMI Are Inapposite

None of the cases relied upon by CMI have held that *Budinich* does not apply to a statutory claim for attorneys' fees. Rather, CMI relies on several inapposite cases to support its erroneous argument that there is a conflict in the circuits concerning the interpretation of *Budinich* that would affect the outcome of this case.

Noble Drilling, Inc. v. Davis, 64 F.3d 191 (5th Cir. 1995) and *Deus v. Allstate Ins. Co.*, 15 F.3d 506 (5th Cir. 1994), involved claims for attorneys' fees asserted by the plaintiffs' attorneys who intervened to assert their claims. The Fifth Circuit held that an intervening attorney's claim for fees under his contract with the plaintiff was not a collateral claim to the judgment and therefore did not fall under the rule established in *Budinich*. This case has no relevance to CMI's request for attorneys' fees under 35 U.S.C. Section 285, which was collateral to CMI's claim on the merits.

Vargas v. Hudson County Board of Elections, 949 F.2d 665 (3rd Cir. 1991) is likewise distinguishable. In *Vargas*, the Plaintiff Class sued the Board and various individuals (the "McCann Defendants") alleging that they conspired to prevent the plaintiffs from voting. The McCann Defendants filed a third-party action against their insurance carrier that had refused to defend them. The District Court severed the third-party claim from the class action and found that there was coverage. A subsequent award of attorneys' fees in favor of the Class Plaintiffs was ultimately entered and the District Court found that the insurer was obligated to indemnify the McCann Defendants for the attorneys' fees award.

In holding that the judgment was not final until the District Court determined the amount of attorneys' fees for which the insurer was liable, the Court stated:

> It is critical to recognize that the relevant claim for fees here was not that made by the McCann defendants pursuant to state statute to recover for representation in this case against National Union. That clearly is a *Budinich* claim. Here, the fees were incurred by the class plaintiffs in bringing their claims for civil rights violations.
>
> The monetary claim presented by the McCann defendants in this case against National Union consisted of two elements—the damages that they were

> required to pay the class plaintiffs and the attorneys' fees that the McCann defendants were required to pay the class plaintiffs. The McCann defendants total obligation to the class plaintiffs, and hence their total claim for damages against National Union, was not determined until the amount of the class action counsel fees had been set. The class action attorneys' fees were but one element of the total sum that National Union owed to the McCann defendants, similar to pre-judgment interest or any other comparable element of recompense . . .
>
> * * * *
>
> * * * It is sufficient for present purposes, however, to point out that the McCann defendants' claim here is not for their own attorneys' fees, but for those of the class counsel . . . *The McCann defendants sought recovery of the class plaintiffs' fees as an element of damages against National Union and not as a prevailing party in the litigation.*

Id. at 669-670 (emphasis in original).

Thus, *Vargas* addressed the issue of attorneys' fees that are an element of a claim for damages and thus are not collateral to the issues in the litigation. Here, however, CMI is seeking its own attorneys' fees as a prevailing party on the issue of infringement. This collateral claim falls squarely within the holding in *Budinich*.

CMI's reliance on *Carter v. General Motors Corp.*, 983 F.2d 40 (5th Cir. 1993), is misplaced because the appeal solely involved the issue of the district court's award of costs, not attorneys' fees. *Id.* at 41. Similarly, in *Napier v. Thirty or More Unidentified Federal Agents, Employees or Officers,* 855 F.2d 1080 (3rd Cir. 1988), there was a timely appeal on the merits. *Id.* at 1089. The only issue was whether an appeal from an award of sanctions had to be filed within 60 days of when the court stated it would impose sanctions, or 60 days of

when it imposed the sanctions. Therefore, neither *Carter* nor *Napier* are relevant.

Harbor Insurance Company v. Trammel Crow Company, Inc., 854 F.2d 94 (5th Cir. 1988) is also inapposite. There, the Court held that if a district court states in its order on the merits that it is interlocutory, it retains control over the order until it decides the attorneys' fee issue. The Court's holding is consistent with the 1993 amendment to Rule 58. As amended, the rule states that the district court may preclude its order from being final if it expressly provides that the request for attorneys' fees will be treated as a Rule 59 motion. Fed. R. Civ. P. 58. Here, however, the District Court did not declare that its November 16, 1995 order was interlocutory. The order on its face was final on the merits of CMI's claims and only reserved the attorneys' fee issue for later determination. The order also was entered on a separate document consistent with Fed. R. Civ. P. 58. *Harbor,* therefore, has no relevance to the present case.

CMI also improperly relies on *Justine Realty Company v. American National Can Company,* 945 F.2d 1044 (8th Cir. 1991). In *Justine,* the Eighth Circuit addressed the issue of pre-litigation attorneys' fees that were incurred in enforcing a settlement agreement that contained an attorneys' fee clause. The Court held that this type of claim for attorneys' fees was not collateral to the issues in the litigation. By contrast, the Federal Circuit addressed the issue of an attorneys' fees under a statute and, consistent with *Budinich,* held that it is collateral to the Judgment.

III. THE FEDERAL CIRCUIT CORRECTLY HELD THAT CMI DID NOT TIMELY APPEAL FROM THE APRIL 1, 1996 ORDER DENYING ITS REQUEST FOR ATTORNEYS' FEES

A. The Federal Circuit's Opinion Followed the Well-Established Rule of Law Announced in *Federal Trade Commission v. Minneapolis-Honeywell Regulator Company*

The District Court's April 1, 1996 order denying CMI's request for attorneys' fees stated that it was a final and appealable order. Petition, Appendix D. CMI's May 7, 1996 notice of appeal was untimely because it was filed more than thirty days after the entry of the April 1 judgment on CMI's attorneys fees' request. Fed. R. App. P. 4.

CMI argues that its May 7, 1996 notice of appeal was timely because CMI requested that the District Court enter an amended order that was identical to the April 1 order, except for the addition of the following superfluous paragraph:

> IT IS HEREBY FURTHER ORDERED that the Memorandum Opinion and Order and Judgment entered by this Court on November 1, 1994, and the Memorandum Opinion and Order entered by this Court on November 16, 1995, are expressly incorporated herein by reference, and are hereby rendered to be final and appealable.

Petition, Appendix E. On April 15, 1996, the district judge signed the order tendered by CMI. Petition, Appendix E.

The April 15 Order, however, did not extend CMI's time to file its appeal because it contained an immaterial revision to the judgment. In *Federal Trade Commission v. Minneapolis-Honeywell Regulator Co.*, 344 U.S. 206 (1952), the Court stated:

> [T]he mere fact that a judgment previously entered has been reentered or revised in an immaterial way does not toll the time within which review must be

> sought. Only when the lower court changes matters of substance, or resolves a genuine ambiguity, in a judgment previously rendered should the period within which an appeal must be taken or a petition for certiorari filed begin to run anew. The test is a practical one. The question is whether the lower court, in its second order, has disturbed or revised legal rights and obligations which, by its prior judgment, had been plainly and properly settled with finality.

344 U.S. at 211-12. The Federal Circuit correctly applied this Court's test in *Minneapolis-Honeywell Regulator Co.* and concluded that the April 15 Order did not materially change the District Court's April 1 Judgment denying CMI's request for attorneys' fees. CMI. Petition, Appendix F.

The November 16, 1995 order disposed of all issues except for CMI's request for attorneys' fees under 35 U.S.C. Section 285 and, therefore, was a final and appealable order as a matter of law. The April 15, 1996 order could not alter that fact. Further, assuming *arguendo* that the November 16, 1995 order was interlocutory, the April 1, 1996 order would have rendered it appealable without the amendment tendered by CMI. *See, e.g., Sears Roebuck & Co. v. The United States*, 22 F.3d 1082, 1084 (Fed. Cir. 1994) (party may challenge an interlocutory decision of the trial court on appeal from the final judgment). Thus, regardless of one's view of the effect of the order entered November 16, 1995, the order entered April 15, 1996 added nothing to the order of April 1.

CMI erroneously argues that the Federal Circuit "effectively ruled that the case only became final and appealable on April 15, 1996." Petition at 20-21. In support of this contention CMI cites the Federal Circuit's June 25, 1996 order that discussed the proper caption of the case. In footnote one of its August 20, 1996 order, however, the Federal Circuit rejected CMI's argument when

it stated: "We note that this court did not address the jurisdictional issue in the order granting CMI motion to reform the caption." Petition, Appendix F, n.1.

CMI neither sought nor obtained a material change to the April 1, 1996 order. There was no ambiguity to be clarified, nor any change made to the legal rights and obligations of the parties established by the April 1, 1996 order. The April 15 order was superfluous. The Federal Circuit properly reviewed the order in light of *Federal Trade Commission v. Minneapolis-Honeywell Regulator Co.*, and concluded that the amendment "did not alter CMI's legal rights or obligations under the previous orders" and, therefore, did not alter CMI's time to appeal. Petition, Appendix F.

B. CMI's Appeal Also Was Untimely Because It Never Sought an Extension of Time to Appeal on the Grounds of Excusable Neglect Under Fed. R. App. P. 4(a)(5)

CMI argues that "a Court is authorized, pursuant to FRAP 4, to grant extensions of time for filing Notices of Appeal and/or remand cases to District Courts to so authorize an extension if excusable neglect exists due to inadvertence, mistake, or unique/extraordinary cirstances." Petition, pp. 21-22. CMI first raised its "excusable neglect" argument on or about August 28, 1996, when it filed its motion to reconsider the August 20, 1996 order dismissing its appeal as untimely. In denying CMI's motion for reconsideration, the Federal Circuit correctly stated: "The district court may, upon a showing of excusable neglect or good cause, extend the time for filing a notice of appeal upon motion filed not later than 30 days after the expiration of the time authorized by statute. Fed. R. App. P. 4(a)(5). *CMI did not file such a motion.*" Petition, Appendix G (emphasis added).

This Court has held that "[u]nder Fed. R. App. P. 4(a) and 28 U.S.C. Section 2107, a notice of appeal in a civil case must be filed within 30 days of entry of the judgment or order from which the appeal is taken. This 30-day time limit is 'mandatory and jurisdictional.'" *Browder v. Director, Department of Corrections of Illinois,* 434 U.S. 257, 264 (1978) (citation omitted). Because the record is undisputed that CMI did not file its notice of appeal within thirty days of April 1, 1996, its appeal was properly dismissed.

CONCLUSION

For these reasons, the Court should deny the Petition for Writ of Certiorari.

Respectfully submitted,

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